

**For information**

**LEGCO PANEL ON EDUCATION**

**Review of the Composite Information Technology Grant (CITG)**

**Introduction**

At the special meeting of the Legislative Council Panel on Education held on 31 January 2008 on the Third Strategy on Information Technology (IT) in Education, the Administration undertook to conduct a review of the ambit and amount of CITG and to report the outcome to the Panel in July 2008. This paper sets out the review outcome and the way forward.

**Background**

2. The CITG was introduced in the 2004/05 school year by merging various IT-related recurrent grants, and has become one of the constituent grants under the General Domain of the Operating Expenses Block Grant (OEBG)/Subject and Curriculum Block Grant (SCBG). The scope of CITG covers the following six areas –

- (a) purchase of IT-related consumables;
- (b) purchase of digital resources materials for learning and teaching;
- (c) Internet connectivity and Internet security;
- (d) employment of technical support personnel and/or hiring of technical support services (TSS);
- (e) extension of schools' IT facilities beyond school hours; and
- (f) maintenance for schools' IT facilities starting from the 2006/07 school year.

3. The rates of the CITG are calculated on the basis of the number of classes of the schools, and are subject to annual adjustment according to the June-to-June movement of the Composite Consumer Price Index (CCPI). Total allocation of the CITG in the 2007/08 school year amounted to \$263 million. The average rates for primary, secondary and special schools are about \$260,000, \$320,000 and \$250,000 respectively.

**The Review**

4. The Administration has commissioned *Dudley Surveyors Limited*, an independent contractor (the Contractor), to conduct a survey and analysis of the expenditures of IT in education (ITEd) related activities in schools, with a view to reviewing the ambit and amount of the CITG.

5. 300 schools (the sample schools) were selected from 1 005 public sector schools by means of stratified random sampling covering different school categories (that is primary, secondary and special) with different school sizes (class numbers) for the review. Questionnaires on ITEd related expenditures were sent to these 300 sample schools on 31 March 2008. 269 valid returns (including 141 primary schools, 101 secondary schools and 27 special schools), representing 90% return rate, have been received.

## **Review Findings**

6. Figures in the following paragraphs are based on actual CITG allocation and expenditure for the 269 sample schools in the 2006/07 school year.

### CITG allocation and expenditure

7. 74 sample schools (28%) have exhausted their CITG allocation. The total CITG expenditure is only 92% of the allocation, reflecting an average surplus of some \$19,000 per school. A breakdown of the CITG expenditure by school categories is at **Appendix 1**.

### Use of non-CITG funds to supplement CITG

8. On the other hand, 159 sample schools (59%) have spent non-CITG funds (e.g. OEBG / Expanded OEBG and Composite Furniture and Equipment Grant (CFEG), etc.) on one or more ITEd related items, representing about 43% of the CITG expenditure, or 30% of the sum of CITG and non-CITG expenditure. On average, each sample school spent more than \$95,000 on ITEd related items from non-CITG funds.

9. In terms of expenditure, major spending items are purchase of digital resources, employment/hire of TSS and upgrading/replacement of IT facilities. The table at **Appendix 2** shows the details.

### TSS technicians

10. Academic qualifications of TSS technicians in schools are usually above Secondary 7, and working experience is normally minimum 1 year. Salary ranges from about \$9,000 to \$12,000 per month, with a weighted average of \$10,618, similar to market rates<sup>1</sup>.

### Special schools

11. Taking into account CITG plus non-CITG spending together, special schools

---

<sup>1</sup> According to the Contractor, the average market rate is \$10,900 per month, a combined average of respective salary offered for a position similar to schools' TSS advertised through the Labour Department and JobsDB with minimum one-year working experience.

spent a much higher percentage on digital resources as compared with primary and secondary schools (13.6% versus 8.2% and 8.6% for primary and secondary schools respectively). This reflects that, special schools put much emphasis on acquiring specialized digital resources and online services to cater for the special needs of their students.

### Views from Schools

12. The review also asked schools to provide views on existing CITG. The main views collected are that there should be additional funds for employing/hiring TSS and recurrent funds for upgrading and replacement of schools' IT equipment, and that the scope/ambit of the CITG should be relaxed.

### **Way forward**

#### Increase in CITG

13. The design of the block grant system for schools is to provide flexibility. In this regard, the Administration is pleased to see that schools are using the recurrent block grants flexibly. We also note that schools have an average accumulative surplus of about \$2 million in their OEBG/SCBG. It is worth mentioning that we have recently provided more resources to schools for specific purposes, e.g. special one-off grant under the Third IT in Education Strategy for purchase of IT-related items, additional Certificate Master posts for small class teaching, and a new Senior Secondary Curriculum Support Grant, a new Learning Support Grant for secondary schools with student with special educational needs, etc. With these resources, there would be bigger scope for schools generally to deploy their OEBG/SCBG surpluses.

14. On the other hand, we appreciate that CITG was only introduced in the 2004/05 school year. At that time, we have only launched the Second Strategy on the IT in Education and IT in Education policy has been at a developmental stage. The appropriate level of CITG has taken time to take shape. Now that we have launched the Third Strategy on IT in Education which aims to unleash the potential of using IT to improve learning and teaching, and that the review of the CITG shows that schools are indeed deploying other non-CITG funds to meet their expenses on ITed related activities, we consider that an increase in the CITG is not unjustified.

15. Taking into account the considerations set out in paragraphs 13 and 14 above, it would be appropriate for the Government and schools to work collaboratively by each covering 50% of the net non-CITG spending on ITed-related activities. Consequently, the Administration has decided to increase the current unit rate of CITG by 8.3%, which is still subject to CCPI adjustment, calculated as below –

	<u>\$ million</u>	
Non-CITG funds used by the 269 sample schools	25.6	
Less CITG surplus	(5.2)	
Less spending on upgrading and replacement of IT facilities <sup>2</sup>	(9.6)	
Net non-CITG funds used	<u>10.8</u>	
Schools' contribution	<u>(5.4)</u>	
Net increase in CITG (Government's contribution)	5.4	(or 8.3% of the CITG allocation to the sample schools)

16. Based on the estimated number of classes in the 2008/09 school year, the increase in CITG involves an additional expenditure of about \$21.3 million per annum. The increase is to be effected in the 2008/09 school year.

### Special schools

17. The Administration noted that special schools have exercised flexibility to deploy their CITG and other non-CITG funds to address the specialized needs of their students, especially in the area of digital resources. To better address their needs, we will ensure that adequate efforts are put into developing digital resources for special schools when we develop on-line depository of curriculum-based teaching modules under the Third Strategy on IT in Education.

### Scope/Ambit of CITG

18. In the 2006/07 school year, the scope of the CITG was expanded to cover the maintenance services. Such move was taken to address the need of schools for more flexible deployment of funds on ITed related activities. With regard to schools' request for recurrent funding for upgrading and replacement of IT facilities, we have just provided a non-recurrent grant of \$200 million under the Third Strategy on IT in Education. We will continue to keep in view schools' need and are prepared to consider further support if justified. In pursuit of the spirit of block grants, schools will be advised that necessary upgrading and replacement of IT facilities can be effected through CITG or deploying recurrent block grant surpluses as appropriate.

## **Education Bureau July 2008**

<sup>2</sup> This part is taken out because schools were provided with special non-recurrent grant in the 2004-05 financial year that was specific for the upgrading and replacement of IT facilities.

## Breakdown of CITG Expenditure by Schools

School Category (Number of sample school return)	Total CITG Allocation (average per school)	Amount of CITG Spent (% against allocation)	Unspent Amount (% against allocation)	Average Unspent Amount per School
Primary Schools (141)	\$30.8 million (\$218,392)	\$28.1 million (91%)	\$2.7 million (9%)	\$19,214
Secondary Schools (101)	\$28.4 million (\$281,026)	\$26.5 million (93%)	\$1.9 million (7%)	\$18,400
Special Schools (27)	\$5.9 million (\$218,980)	\$5.3 million (90%)	\$0.6 million (10%)	\$21,469
<b>Total</b>	<b>\$65.1 million</b>	<b>\$59.9 million (92%)</b>	<b>\$5.2 million (8%)</b>	<b>\$19,134</b>

## Expenditure on ITed Related Activities from CITG and Non-CITG Funds

ITed related Expenditure Item	Expenditure from CITG fund (x)	Expenditure from non CITG funds (y)	Percentage of non-CITG expenditure over CITG expenditure (y)/(x)
(a) Purchase of IT Consumables	\$8,976,805	\$824,160	9%
(b) Purchase of Digital Resources	\$4,151,493	\$3,423,674	82%
(c) Hire of Internet Connectivity and Security	\$9,658,373	\$1,462,466	15%
(d) Employment /Hiring of TSS	\$30,457,562	\$3,816,402	13%
(e) Extension of Schools' IT Facilities	\$589,030	\$0	0%
(f) Maintenance for Schools' IT Facilities	\$6,108,987	\$1,337,205	22%
(g) Others (over 90% is on upgrading and replacement of IT facilities, mostly comes from earlier non-recurrent grant referred in footnote 2 on page 4.)	-	\$14,730,784	-
<b>Total</b>	<b>\$59,942,250</b> (average:\$222,834 per school)	<b>\$25,594,691</b> (average:\$95,148 per school)	<b>43%</b>
<b>Grand total</b>	<b>\$85,536,941</b> (average: \$317,982 per school)		